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SUBJECT: WASHINGTON NATO SUMMIT: MAY 30 MORNING SESSION

SUMMARY: AFTER PRESIDENT CARTER, SECRETARY-GENERAL LUNS
AND PRIME MINISTER ECEVIT, AS HONORARY PRESIDENT OF
NORTH ATLANTIC COUNCIL, GAVE INTRODUCTORY STATEMENTS AT
PUBLIC OPENING CEREMONY (TEXTS OF THESE THREE STATEMENTS
ARE IN WIRELESS FILE), NATO SUMMIT MOVED INTO CLOSED
SESSION FOR GENERAL DEBATE. ELEVEN ALLIANCE LEADERS GAVE
INITIAL STATEMENTS DURING MORNING SESSION (UK, PORTUGAL,
GREECE, ITALY, NORWAY, DENMARK, TURKEY, NETHERLANDS,

FRG, ICELAND, LUXEMBOURG). STATEMENTS INDICATED CONSIDERABLE AGREEMENT ON NEED FOR CLOSE ALLIED COHESION IN VIEW OF CONTINUED GROWTH IN SOVIET MILITARY CAPABILITIES, DESIRE TO BALANCE DEFENSE STRUCTURE IMPROVEMENTS WITH SEARCH FOR DETENTE, STRONG INTEREST IN ECONOMIC SITUATION, AND CONCERN OVER AFRICA. END SUMMARY.

1. UK PRIME MINISTER CALLAGHAN WAS FIRST SPEAKER I4 CLOSED GENERAL DEBATE. HE SAID EAST-WEST RELATIONS HAVE DE-TERIORATED SINCE HIGH POINT OF HELSINKI SUMMIT WHICH SIGNED CSCE FINAL ACT I' 1975. THIS DEVELOPMENT CAN BE ATTRIBUTED TO THREE FACTORS. UNREMITTING GROWTH IN SOVIET MILITARY CAPABILITIES, SOVIET HUMAN RIGHTS

DEFICIENCIES OF SORT EVIDENCED BY RECENT ORLOV CONVICTION, AND SOVIET AFRICAN INVOLVEMENT. WHILE PRESENT SITUATION IS NOT WITHOUT HOPE--WITNESS SALT NEGOTIATIONS--WEST NEEDS TO MAKE ITS CONCERNS CLEAR TO SOVIETS. WE EXPECT SOVIET DECLARATIONS TO BE MATCHED BY ACTIONS, ESPECIALLY IN AFRICA.

2. CALLAGHAN UNDERScoreD BRITISH COMMITMENT TO INCREASING SECRET

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ITS DEFENSE SPENDING BY THREE PERCENT IN REAL TERMS, TO FOLLOWING UP LTDP AND TO SUPPORTING EFFORTS TO ENHANCE TRANSATLANTIC COOPERATION IN DEVELOPMENT AND PRODUCTION OF MILITARY EQUIPMENT. CALLAGHAN RECOMMENDED TWO STEPS TO INCREASE CHANCE FOR PROGRESS IN DISARMAMENT NEGOTIATIONS. FIRST, HE SAID, GREATER USE SHOULD BE MADE OF ALLIANCE TO DISCUSS ARMS CONTROL. SECOND, AS SOON AS THERE HAS BEEN MOVEMENT IN EASTERN POSITION IN MBFR TALKS IN RESPONSE TO RECENT WESTERN PROPOSALS, ALLIES SHOULD PROPOSE THAT SESSION OF VIENNA NEGOTIATION BE CONVENED AT FOREIGN MINISTER LEVEL. IDEA OF A FOREIGN MINISTERS' MEETING WOULD UNDERScore IMPORTANCE OF RECENT WESTERN PROPOSALS AND GIVE NEW POLITICAL IMPETUS TO MBFR THAT COULD MOVE THAT NEGOTIATION INTO LIMELIGHT AS ONE ELEMENT IN SEARCH FOR DETENTE. IN CONCLUSION, CALLAGHAN LOOKED FORWARD TO BONN ECONOMIC SUMMIT IN JULY AND EMPHASIZED RELATIONSHIP BETWEEN ECONOMIC STRENGTH AND WEST'S OVERALL SECURITY.

3. PORTUGUESE PRESIDENT EANES SAID THAT NATO'S STRENGTH COMES FROM ITS MEMBERS' COMMITMENT TO COMMON VALUES, INCLUDING HUMAN RIGHTS AND SELF-DETERMINATION OF PEOPLES. GEO-STRATEGIC CONDITIONS OF DEFENSE HAVE UNDERGONE BASIC CHANGE IN RECENT YEARS. NEW AND DECISIVE IMPORTANCE MUST NOW BE GIVEN TO NORTH-SOUTH RELATIONS, ECONOMICS AND AFRICA, AS WELL AS TRADITIONAL PREOCCUPATIONS SUCH AS SALT AND MBFR. EANES SAID THAT ALLIES CANNOT AFFORD TO BE INDIFFERENT TO WHAT HAPPENS IN GEOGRAPHIC

AREAS OUTSIDE EUROPE. EVENTS IN THESE AREAS HAVE SERIOUS EFFECT ON EUROPEAN SECURITY. CREDIBILITY OF EUROPEAN DEFENSE EFFORT IS AT STAKE IN NATURE OF RESPONSE ALLIANCE MAKES TO IMPERIALIST PROJECTS OUTSIDE EUROPE.

4. EANES NOTED THAT THE LACK OF AN ORGANIZED RESPONSE TO ECONOMIC CHALLENGES COULD OPEN DOOR TO A NEW
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ISOLATIONISM AND PROTECTIONISM. MILITARY COOPERATION IS NOT ENOUGH. ECONOMIC DEVELOPMENT IS ALSO VITAL TO THE MAINTENANCE OF PEACE, AND TECHNOLOGY IS AN ESSENTIAL FACTOR IN PROMOTION OF NEW ECONOMIC ORDER. EANES STRESSED PORTUGAL'S DESIRE FOR SUCCESS IN DISARMAMENT TALKS, BUT NOTED THAT REALITY SEEMED TO RUN CONTRARY TO THIS DESIRE. NORMAL DEVELOPMENT OF STATE RELATIONS WAS BEING THREATENED BY LOCAL WARS AND INTERNAL CONFLICTS. PEACEFUL EVOLUTION OF RELATIONS WAS CONTINGENT UPON MAINTENANCE OF BALANCE OF POTENTIAL POWER, RESPECT FOR THE PRINCIPLE OF NON-INTERVENTION, SUPPORT FOR INTERNATIONAL DEVELOPMENT AGENCIES FINANCED BY ALL STATES IN PROPORTION TO THEIR RESPECTIVE DEFENSE BUDGETS, AND RESPECT FOR RIGHTS OF MAN.

5. GREEK PRIME MINISTER KARAMANLIS SUGGESTED THAT RECENT INCREASE IN NUMBER OF NATO SUMMIT MEETINGS REFLECTED IMPORTANT CHANGES OCCURRING BOTH BETWEEN TWO EUROPEAN ALLIANCES AND WITHIN WEST. HE NOTED THAT WHILE BELONGING TO NATO WAS ESSENTIAL, IT HAS BECOME INCREASINGLY DIFFICULT TO EXPLAIN TO PUBLIC NEED FOR THE ALLIANCE. NATO HAS SERVED AS A BRAKE TO COMMUNISM. ITS SUCCESS, HOWEVER, HAS YIELDED TO AN ILLUSION OF SECURITY. MOREOVER, WHILE ALLIANCE WAS STRONG, THERE ARE WEAKNESSES WHICH ARE GAINING INCREASING IMPORTANCE. KARAMANLIS CITED SLACKENING OF DEFENSE EFFORTS, ABUSE OF FREEDOM, AND LOVE OF WELL-BEING. WHAT IS NEEDED, HE SAID, IS GREATER EMPHASIS ON MORAL PRINCIPLES UPON WHICH ALLIANCE WAS FOUNDED. ALLIES MUST PUT INTO PRACTICE THAT COOPERATION WHICH IS NATO HALLMARK. OTHERWISE ALLIANCE PRESTIGE WILL BE SHAKEN.

6. REFERRING TO EAST-WEST STUDY, KARAMANLIS NOTED THAT
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THERE WAS CONSENSUS THAT SOVIETS DO NOT PLAN TO GIVE UP ON DETENTE. AT SAME TIME, MOSCOW DOES NOT APPEAR READY TO YIELD CHANCES WHICH ARE OPEN TO EXPLOITATION. IN LATTER REGARD, HE SAID, SOVIET UNION HAS TWO ADVANTAGES OVER WEST: ABILITY TO MAKE QUICK DECISIONS

AND TO EXPLOIT POORER COUNTRIES' ENVY OF WEST'S PROSPERITY. EVEN IF MOSCOW ACCEPTS RESTRICTIONS ON STRATEGIC ARMS, IT WILL CONTINUE TO DEVELOP CONVENTIONAL WEAPONS, AND WEST MUST RESPOND TO THIS CHALLENGE. KARAMANLIS NOTED THAT ATHENS HAS FAITH IN NEED FOR ALLIANCE DESPITE ITS WITHDRAWAL FROM THE INTEGRATED MILITARY STRUCTURE. IT HOPES THAT CURRENT INTER-ALLIED NEGOTIATIONS WILL LEAD TO EFFECTIVE DEFENSE COOPERATION. THESE NEGOTIATIONS, HOWEVER, CAN ONLY BE SUCCESSFULLY CONCLUDED WHEN REASONS FOR GREECE'S WITHDRAWAL ARE ELIMINATED. MOREOVER, GREECE IS SURPRISED TO NOTE ATTEMPTS TO INTRODUCE EXTRANEOUS ELEMENTS INTO THESE NEGOTIATIONS. IF THIS TREND CONTINUES, KARAMANLIS NOTED, NEGOTIATIONS WITH ALLIES WILL ONLY LEAD TO FAILURE. ON QUESTION OF GREEK-TURKISH RELATIONS, HE SAID THAT TURKEY HAS SAME ATTITUDE TOWARD SETTLEMENT OF DIFFERENCES AS GREECE.

7. PRIME MINISTER ANDREOTTI EXPRESSED ITALY'S GRATITUDE TO ALLIES FOR SOLID OPPOSITION TO TERRORISM AND PARTICULARLY FOR SUPPORT DURING MORO AFFAIR. ANDREOTTI SAID THAT THROUGHOUT ITS HISTORY THE ALLIANCE HAS PROVIDED FACTOR OF STABILITY, AND AT SAME TIME HAS DEMONSTRATED REQUISITE FLEXIBILITY TO COPE WITH CHANGING ENVIRONMENT. THESE CHARACTERISTICS HAVE CONTRIBUTED TO MAKING NATO DECISIVE FACTOR IN ITALY'S FOREIGN POLICY.

8. ANDREOTTI STRESSED THAT DETENTE COULD NOT BE LIMITED TO EUROPE. IN HORN OF AFRICA, DESPITE SOMALI WITHDRAWAL FROM OGADEN, THERE HAS BEEN NO RECIPROCAL WITHDRAWAL OF SOVIET AND CUBAN FORCES, AND THERE IS DANGER THAT
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LATTER MAY BE USED IN ERITREA. LIKEWISE, DEVELOPMENTS IN SHABA MAKE MORE URGENT NEED TO ARRIVE AT INTERNATIONALLY RECOGNIZED SOLUTIONS TO UNSTABLE SITUATIONS. REFERRING TO SSOD, ANDREOTTI NOTED THAT FAILURE TO PUT A BRAKE ON ARMS PROLIFERATION NOT ONLY WOULD CONTINUE TO DRAIN ECONOMIC RESOURCES BUT WOULD ALSO LEAD TO INCREASE IN INTERNATIONAL TENSIONS. ANDREOTTI CALLED UPON ALLIANCE TO HOLD DISCUSSIONS ON DISARMAMENT QUESTIONS MORE OFTEN IN NAC, TO INCREASE NUMBER OF DISARMAMENT EXPERTS MEETINGS WITHIN ALLIANCE FRAMEWORK AND TO INCLUDE QUALIFIED MILITARY EXPERTS IN SUCH EXCHANGES. WITH REGARD TO ONGOING DISARMAMENT NEGOTIATIONS, ANDREOTTI UNDERScoreD THAT ALLIANCE SHOULD GIVE SPECIAL ATTENTION TO SS-20, AND SAID THAT ITALY COULD ACCEPT A REFERENCE TO A MEETING AT FOREIGN MINISTERS' LEVEL IF THERE WERE POSSIBILITY OF TANGIBLE SUCCESS IN MBFR. WITHIN NATO ANDREOTTI NOTED NEED FOR IMPROVED MILITARY PLANNING, STRESSING THAT IT SHOULD BE BALANCED AND REALISTIC AND SHOULD

INCORPORATE A "TWO-WAY" COOPERATION.

9. NORWAY'S PRIME MINISTER NORDLI CHARACTERIZED ALLIANCE AS ASSOCIATION OF DEMOCRATIC STATES WITHOUT AGGRESSIVE INTENTIONS. CONFRONTED WITH A MILITARY BUILD-UP BY WARSAW PACT ALLIANCE IS ADOPTING LTDP. ADEQUATE DEFENSE IS A PRE-CONDITION FOR DETENTE, BUT THERE IS NO CONFLICT BETWEEN THESE DEFENSE EFFORTS AND ALLIANCE'S WORK TO ACHIEVE REAL PROGRESS IN DISARMAMENT.

10. NORDLI DREW ATTENTION TO SOCIAL AND ECONOMIC PROBLEMS AFFECTING ALLIANCE COUNTRIES AND PARTICULARLY TO DANGER THAT MASS UNEMPLOYMENT MIGHT LEAD TO SOCIAL
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UNREST THREATENING DEMOCRATIC SYSTEMS OF GOVERNMENT. RELATIONS BETWEEN MEMBER NATIONS AND THIRD WORLD ARE OF DECISIVE IMPORTANCE. INCREASED AID TO DEVELOPING NATIONS MAY STIMULATE ECONOMIC GROWTH IN DEVELOPED ONES; EFFORTS TO ESTABLISH A NEW ECONOMIC ORDER SHOULD BE SEEN AS ATTEMPTS TO SOLVE COMMON PROBLEMS.

11. NORDLI URGED ALLIES TO MAKE CLEAR AT SSOD READINESS TO PARTICIPATE IN ACHIEVEMENT OF REALISTIC ARMS CONTROL MEASURES. NUCLEAR WEAPON STATES HAVE SPECIAL RESPONSIBILITY TO SHOW RESTRAINT AND TAKE ADVANTAGE OF ALL OPPORTUNITIES TO HALT FURTHER DEVELOPMENT AND DEPLOYMENT OF NUCLEAR WEAPONS. PRESIDENT CARTER'S DECISION ON ERW WAS OF GREAT IMPORTANCE, HE SAID. IT IS NOW UP TO SOVIET UNION WHETHER THIS DECISION WILL LEAD TO POSITIVE DEVELOPMENTS. DISARMAMENT IS AN INTEGRAL PART OF SECURITY POLICY, BUT MUTUAL CONFIDENCE MUST BE CREATED THROUGH POLITICAL DETENTE AS PRECONDITION TO ARMS REDUCTIONS.

12. AFTER THANKING PRESIDENT CARTER FOR INITIATIVE IN CALLING FOR NATO SUMMIT, DENMARK'S PRIME MINISTER JORGENSEN OBSERVED THAT IT CAME AT APPROPRIATE TIME IN VIEW OF MANY CHALLENGES FACING THE ALLIANCE. ALLIED COHESION IS NECESSARY TO ENABLE NATO COUNTRIES TO SOLVE PROBLEMS FACING THEM, INCLUDING UNEMPLOYMENT AND INFLATION, AND TO CONTINUE IMPROVING RELATIONS BOTH WITH EAST AND DEVELOPING COUNTRIES.

13. JORGENSEN PRAISED PRESIDENT'S LONDON INITIATIVES AND STRESSED IMPORTANCE OF EAST-WEST STUDY AND LTDP AS BASIS FOR ALLIANCE'S POLITICAL/MILITARY PLANNING. POLICIES IN THESE VITAL AREAS SHOULD NOT BE DETERMINED BY SHORT TERM CONSIDERATIONS, HE SAID, AND MILITARY SECURITY IS AN INDISPENSIBLE CONDITION FOR DETENTE. JORGENSEN CHARACTERIZED STUDY AS BALANCED ASSESSMENT OF EAST-WEST RELATIONS

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AND WHOLEHEARTEDLY ENDORSED CONCLUSIONS ON NECESSITY OF ADEQUATE MILITARY SECURITY AND PURSUIT OF DETENTE. WHILE DENMARK INTENDS TO INCORPORATE RECOMMENDATIONS OF LTDP IN ITS DEFENSE PLANNING, IT IS IMPOSSIBLE FOR PARLIAMENTARY DEMOCRACY TO UNDERTAKE FINANCIAL COMMITMENTS 10-15 YEARS IN FUTURE. JORGENSEN URGED THAT ALLIANCE AVOID OVERDRAMATIZING SITUATION WHEN PRESENTING EAST-WEST STUDY AND LTDP TO THE PUBLIC. THESE DEFENSE EFFORTS REPRESENT ADJUSTMENTS OF ALLIANCE'S CAPABILITIES IN FACE OF WARSAW PACT DEVELOPMENTS. COUNCIL'S DECISIONS DO NOT CONFLICT WITH VIEWS EXPRESSED BY NATO MEMBERS AT SSOD SINCE ALLIANCE SECURITY IS PREREQUISITE FOR PROGRESS IN ARMS CONTROL.

14. TURKISH PRIME MINISTER ECEVIT NOTED HE HAD TOUCHED ON GENERAL PROBLEMS FACING ALLIANCE IN HIS REMARKS AT OPENING CEREMONY. HIS COMMENTS ON TURKEY'S POSITION ILLUSTRATE WHAT HE TERMED SERIOUS DEFICIENCIES WITHIN ALLIANCE. US ARMS EMBARGO HAS DEMONSTRATED THAT US CAN BE PREVENTED FOR INTERNAL REASONS FROM CARRYING OUT COMMITMENTS TO NATO ALLY. OTHER ALLIES ARE NOT IN A POSITION TO FILL GAP, INDICATING SERIOUS LACK OF SOLIDARITY. UNBALANCED DISTRIBUTION OF ECONOMIC BURDENS OF DEFENSE AND ALLIANCE'S FAILURE TO PROVIDE EFFECTIVE SUPPORT TO ALLIES WHOSE ECONOMIES ARE RELATIVELY LESS DEVELOPED ARE ALSO SERIOUS MATTERS. BEST WAY TO ENSURE TURKEY'S ABILITY TO SUSTAIN ITS MILITARY STRENGTH AND CONTRIBUTE EFFECTIVELY TO COLLECTIVE SECURITY IS ALLIED ASSISTANCE TO INCREASE TURKISH ECONOMIC SELF-SUFFICIENCY.

15. ECEVIT REITERATED HIS CONVICTION THAT COMMON INTERESTS OF GREECE AND TURKEY RUN DEEPER THAN THEIR DIFFERENCES. HE RECALLED TURKEY'S INITIATIVE IN ESTABLISHING DIALOGUE

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AT PRIME MINISTER LEVEL AND NOTED HE HAD ALSO MET KARAMANLIS IN WASHINGTON MAY 29.

16. ECEVIT ARGUED THAT NATO'S FLANK COUNTRIES AND THOSE BORDERING DIRECTLY ON WARSAW PACT NEED DETERENT CAPACITY OF THEIR OWN. HE SAID THEY SHOULD ACT AS CATALYSTS IN PROCESS OF DETENTE. HE SAID THAT SEVERAL WARSAW PACT

MEMBERS WERE ALSO PREPARED TO ASSUME THIS ROLE. HE WARNED THAT TURKEY'S EFFECTIVENESS CAN BE SERIOUSLY IMPAIRED IF NATO'S PRESENT POSTURE IN REGION CONTINUES SINCE IT IS CREATING DANGEROUS AND INVITING VACUUM.

17. ECEVIT CONCLUDED THAT NEGOTIATIONS SUCH AS AT BELGRADE ON CSCE AND VIENNA ON MBFR ARE IMPORTANT TO DEVELOPMENT OF MUTUAL EAST-WEST CONFIDENCE. MUTUAL UNDERSTANDING AND CONFIDENCE WITH EAST MUST BE IMPROVED WITHOUT LOSING CREDIBILITY AND COHESION OF ALLIANCE. TO EXTENT THAT THIS CREDIBILITY AND COHESION HAVE BEEN IMPAIRED, THEY SHOULD BE RESTORED WITHOUT FURTHER DELAY.

18. NETHERLANDS PRIME MINISTER VAN AGT SAID ALLIANCE CONTINUES TO PERFORM TWIN TASKS OF DEFENSE AND DETENTE. THERE ARE INCREASING NUMBERS OF DIFFICULT PROBLEMS INCLUDING CONTINUOUS SOVIET MILITARY BUILDUP, SLOW PACE OF ARMS CONTROL NEGOTIATIONS AND WORLDWIDE ACTIVITIES OF SOVIETS AND THEIR PROXIES AS NOW BEING DEMONSTRATED IN AFRICA. DUTCH GOVERNMENT WILL FULFILL ITS RESPONSIBILITY TO ALLIANCE'S COMMON DEFENSE. IT PLANS TO CONTINUE ITS CONTRIBUTIONS AS SET FORTH IN 1974 WHITE PAPER AND TO MAINTAIN QUALITATIVE LEVEL OF ITS CONTRIBUTION. ADDITIONAL RESOURCES WILL BE MADE AVAILABLE TO MEET THREE PERCENT GOAL DESPITE DUTCH POLICY OF CURBING EXPENDITURES IN ORDER TO DEAL WITH ECONOMIC CRISIS. ALLOCATION WILL BE REFLECTED IN 1979 BUDGET WHICH WILL BE SUBMITTED TO PARLIAMENT IN SEPTEMBER. FURTHERMORE DUTCH CABINET HAS DECIDED THAT
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LANCE MISSILE WILL BE GIVEN NUCLEAR CAPABILITY. NEVERTHELESS, THERE CAN ONLY BE TRUE SECURITY IF REAL PROGRESS IS MADE IN ARMS CONTROL. DUTCH HOPE THAT SSOD WILL ESTABLISH CONDITIONS FOR GLOBAL DISARMAMENT.

19. VAN AGT SAID HELSINKI ACCORDS WERE SIGNED TO IMPROVE RELATIONS BETWEEN EAST AND WEST, BUT PROGRESS HAS BEEN MODEST. BELGRADE SHOWED CLEARLY WHERE PROBLEM LIES, PARTICULARLY IN HUMAN RIGHTS. ORLOV TRIAL AND SENTENCING ARE GRIM SIGNS OF OBSTACLES THAT EFFORTS TO IMPROVE EAST-WEST RELATIONS HAVE TO OVERCOME. ONLY CAREFUL PREPARATION CAN ACHIEVE SUBSTANTIAL RESULTS AT MADRID MEETING.

20. VAN AGT SAID EAST-WEST STUDY SHOWS THAT PROSPECT FOR CHANGE IN EAST IS LIMITED, BUT NO ALTERNATIVE TO POLICY OF DETENTE EXISTS. NEGOTIATIONS TO ACHIEVE DETENTE WILL REQUIRE PATIENCE, DETERMINATION, PERSEVERANCE AND ALLIED UNITY. CONSULTATIONS MUST BE MAINTAINED AND, IF NECESSARY,

INTENSIFIED WITHIN ALLIANCE. THERE IS NO CONFLICT BETWEEN CONSULTATIONS IN NATO AND AMONG EC-9, AND NETHERLANDS PLEDGES ITS WHOLEHEARTED COMMITMENT TO ALLIANCE.

21. FRG CHANCELLOR SCHMIDT SAID MORO KILLING SHOWS HOW URGENT IT IS TO UNITE AND CURB TERRORISM. HE REFERRED TO HIS RECENT MEETING WITH BREZHNEV WHERE THE COMMUNIQUE INCLUDED A PART ON AFRICA AS WELL AS STATEMENT THAT IT

IS IMPORTANT THAT NEITHER SIDE STRIVE FOR MILITARY SUPERIORITY. SCHMIDT SAID HE MADE IT EXPLICIT TO BREZHNEV THAT THIS INCLUDED BOTH CONVENTIONAL AND NUCLEAR WEAPONS. HE ALSO POINTED OUT TO BREZHNEV SEVERAL AREAS IN WHICH SOVIET ACTIONS BELIED THEIR WORDS. ONE WAS IN AFRICA, PARTICULARLY SOMALIA, ETHIOPIA AND ERITREA. CUBA CAN NO
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LONGER BE CONSIDERED NONALIGNED. SECOND AREA WAS IN TANKS. BREZHNEV MADE NO COMMENT WHEN SCHMIDT SHOWED HIM CHARTS. THIRD AREA WAS MEDIUM RANGE WEAPONS SYSTEMS. SCHMIDT SAID HE SHOWED BREZHNEV CHARTS ON SS-20 AND BACKFIRE BOMBER WHICH CLEARLY REVEALED THAT THEY WERE DESIGNED TO THREATEN PRC, MIDDLE EAST, MEDITERRANEAN, AND EUROPE. BREZHNEV SEEMED TO SHOW SOME UNDERSTANDING OF PROBLEM AND INDICATED A WILLINGNESS TO TALK ABOUT IT IN FUTURE.

22. SCHMIDT EXPRESSED HIS GROWING CONCERN ABOUT MEDIUM RANGE BALLISTIC WEAPONS. THIS IMBALANCE CANNOT BE CORRECTED IN SALT II, BUT HE HAD TALKED TO PRESIDENT CARTER ABOUT THE PROBLEM. SCHMIDT SAID COMMON DENOMINATOR BETWEEN DEFENSE EFFORTS AND ARMS CONTROL IS BALANCE OF MILITARY POWER. DETENTE IS BASED ON THIS BALANCE. IF WE CAN ESTABLISH PARITY THROUGH ARMS REDUCTION THAT IS FINE, BUT IF NOT, THEN WE MUST MEND OUR DEFENSES. FOR THIS REASON, FRG SUPPORTS LTDP. WE SHOULD STRESS THAT OVER ITS 29 YEARS, ALLIANCE HAS SERVED BOTH ITS PURPOSES-- DETERRENCE OF AGGRESSION AND FURTHERANCE OF DETENTE-- RATHER SATISFACTORILY.

23. SCHMIDT DEPLORED CONFLICT BETWEEN TWO NATO MEMBERS IN AEGEAN AND CYPRUS AND IMploRED KARAMANLIS AND ECEVIT TO CARRY ON TALKS RESUMED BETWEEN THEM MAY 29.

24. SCHMIDT SAID THAT IN 1974 AND 1975 HE HAD WARNED OF MENACE TO ALLIED POLITICAL COHERENCE POSED BY ECONOMIC DIFFICULTIES. HE WOULD SAY SAME TODAY BUT NATO COUNTRIES HAVE MANAGED FAR BETTER THAN COULD HAVE BEEN ANTICIPATED IN 1974. NORTH-SOUTH DIALOGUE HAS BEEN VALUABLE INITIATIVE. NATO GOVERNMENTS HAVE AVOIDED DOMESTIC POLITICAL

UPHEAVALS DURING THIS MAJOR RECESSION UNLIKE 1930'S. ECONOMIC COOPERATION IS STILL NOT GOOD ENOUGH. THERE
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CANNOT BE A ONE-WAY STREET BETWEEN INDUSTRIALIZED AND DEVELOPING COUNTRIES. WE NEED TO TALK TO DEVELOPING COUNTRIES SO THEY UNDERSTAND THIS. THEY CANNOT ASK FOR OUR HELP AND THEN SCOLD US AS IMPERIALISTS AT UN. THOSE

WHO SAY TRAGEDY OF UNEMPLOYMENT CAN ONLY BE CURED BY NORMAL ECONOMIC GROWTH RATES ARE RIGHT. HOW DO WE BRING ABOUT SUSTAINED GROWTH? SCHMIDT SAID WE CAN PUBLICLY EXCHANGE RECIPES FOR IMPROVEMENT BUT WE ALSO SHOULD TRY TO LISTEN TO EACH OTHER. WE SHOULD NOT ESCALATE INFLATION.

25. ICELAND PRIME MINISTER HALGRIMMSON CALLED NATO BEST MEANS OF DETERRING AGGRESSION. HE SAID ICELAND CONTINUES TO WORK TO IMPROVE RELATIONS WITH THE EAST, BUT IT IS OBVIOUS THAT THERE HAS BEEN BUILD-UP OF SOVIET STRENGTH. AS AN ISLAND COUNTRY, ICELAND HAS NO DOUBT ABOUT BUILD-UP OF SOVIET NAVY. EVENTS IN AFRICA ILLUSTRATE THAT SOVIETS WILL EXPLOIT ANY WEAKNESS. ANY WEAK LINK IN THE ALLIANCE WILL ALSO BE EXPLOITED BY THEM. QUESTION IS WHAT IS LIMIT OF SOVIET MILITARY BUILD-UP. EAST-WEST STUDY SUGGESTS SOME ANSWERS BUT ONE THING SHOULD BE KEPT IN MIND. SOVIET UNION DRAWS MORE UPON TSARIST RUSSIA THAN UPON WESTERN INFLUENCE. WEST CANNOT EXPECT SOVIETS TO REACT AS IF THEY SHARED OUR TRADITIONS. EAST-WEST STUDY SHOULD BE A REGULAR FEATURE OF THESE MEETINGS.

26. HALGRIMMSON SAID VIGILANCE DOES NOT MEAN THAT WEST SHOULD NOT CONTINUE EFFORTS TO IMPROVE RELATIONS. LTDP PROVIDES NECESSARY FRAMEWORK FOR IMPROVEMENT. BELGRADE PROVED FORCE OF DEMOCRATIC IDEALS OVER TOTALITARIAN IDEA. CONTRARY TO EXPECTATIONS, WEST DID NOT USE BELGRADE AS A FORUM TO IMPOSE ITS WILL. DISARMAMENT TALKS SINCE REYKJAVIK DECLARATION HAVE BEEN DISAPPOINTING, AND WE
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ARE NOW ON THRESHOLD OF A NEW ARMS RACE. WEST'S FOUR GOALS, HE SAID, SHOULD BE SOLIDARITY, STRENGTHENED DEFENSES, ADVANCEMENT OF DETENTE IN ORDER TO MODERATE THE MONOLITHIC GOVERNMENTS, AND ARMS CONTROL.

27. HALGRIMMSON SAID THAT HE WAS RETURNING TO ICELAND THAT EVENING SINCE HE HAD JUST LEARNED THAT THE FORCES WHO OPPOSED ICELANDIC PARTICIPATION IN NATO HAD GAINED ALARMINGLY AND GENERAL ELECTIONS ARE IN THREE WEEKS. THIS EXPERIENCE POINTS UP PROBLEMS ALL ALLIES FACE.

28. LUXEMBOURG'S PRIME MINISTER THORN URGED ALLIANCE TO TAKE ADVANTAGE OF UPCOMING 30TH ANNIVERSARY TO

EMPHASIZE ITS ACHIEVEMENTS TO PUBLIC. SURVEYING CURRENT PROBLEMS, THORN NOTED MAJOR CHANGE IN SOVIET UNION'S ATTITUDE AND CHARACTERIZED ITS PRESENT POLICY AS ONE OF WORLD-WIDE AND REGIONAL AGGRESSIVENESS. HE WELCOMED RECENT STATEMENTS OF PRESIDENT CARTER AND DR. BRZEZINSKI AND HOPED THAT ALLIANCE MIGHT, IN ITS TWO DAYS OF MEETINGS, SUPPORT THOSE VIEWS UNANIMOUSLY. CALLING FOR

JOINT POLICY ON DISARMAMENT, THORN SUPPORTED VIEW
EXPRESSED BY PRIME MINISTER CALLAGHAN ON IMPORTANCE OF
ALLIANCE CONSULTATIONS ON ARMS CONTROL. THORN ALSO NOTED
CHALLENGES FACING ALLIANCE IN OTHER FIELDS. MILITARY
SECURITY IS VITAL, BUT IT IS NOT DISTINCT FROM ECONOMIC
SECURITY. HE TERMED UPCOMING ECONOMIC SUMMIT IMPORTANT
TO ALL NATIONS, NOT ONLY PARTICIPANTS.

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